SUBMISSION
to the
ROYAL COMMISSION ON COAL (1959)
by
DISTRICT 26
UNITED MINE WORKERS OF AMERICA.

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ROYAL COMMISSION ON COAL (1959)

(Nova Scotia hearings)

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UNITED MINE WORKERS OF AMERICA

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March 16-18, 1960.
Sydney, Nova Scotia.

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THE HONOURABLE JUSTICE IVAN C. RAND
COMMISSIONER
ROYAL COMMISSION ON COAL (1959)

Honourable Sir:

District 26, United Mine Workers of America, are most gratified for this opportunity of presenting our views on the Nova Scotia coal industry. We are pleased that the Federal Government has deemed the coal industry sufficiently important to appoint a Royal Commission to investigate the problems that are besetting the industry in both Eastern and Western Canada. We are particularly pleased with your appointment to this important task and we feel certain that some solution to the long range Canadian coal production and marketing problems will emanate from your investigation.

The membership of District 26, United Mine Workers of America, have suffered severe reverses in every mining community in Nova Scotia. The coal industry in Cumberland County has been practically eliminated and many of the men who worked for the Cumberland Railway & Coal Company, Limited, for upwards of 40 years have been denied a pension by Dosco. The coal mining industry in the Town of Springhill has been completely abandoned by Dosco, except for a token payment made to the Disaster Fund following the "Bump" which occurred on October 23, 1958.

A similar situation exists in Pictou County, where there is only one Dosco-operated mine. The same situation

THE MONONGAHELA DISTRICT, UNITED MINE WORKERS OF AMERICA
COMMISSIONER
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A similar situation exists in Pictou County, Nova Scotia where a very prosperous industry. The area Pictou

which prevails in these two areas is now creeping into Cape Breton, where there is a threat of 3 mine closures which would place 3,000 Cape Breton mine workers on the unemployment list.

Soon after World War II the Carroll Royal Commission on the Canadian Coal Industry recommended complete cooperation between management and labor in order to preserve the coal industry of this Province. There have been no major strikes since that time and the mine workers have shown their utmost cooperation. But their reward for this cooperation was 25 idle days in 1958; 44 idle days in 1959; and a threat of further idle time or mine closures in 1960. During this entire period the mine Union leaders have strived to maintain a steady level of employment and have received the cooperation of the men whom they represent. Wage rates and fringe benefits are low in the coal mining industry, and the only method by which the Union was able to obtain some increase was through government-appointed Conciliation Boards.

GENERAL REVIEW OF THE NOVA SCOTIA COAL MINING INDUSTRY

Since the end of World War II the production of coal in the Province of Nova Scotia has varied between a high of 6,477,023 tons in 1950, to a low of 4,391,832 tons in 1959. The following table will serve to indicate the variation in over-all provincial production from 1945 - 1959:

YEAR	PRODUCTION
1945	5,117,470
1946	5,367,701
1947	4,045,237
1948	6,412,113
1949	6,196,322
1950	6,477,023
1951	6,311,268
1952	5,903,947
1953	5,786,838
1954	5,839,761
1955	5,730,743
1956	5,770,671
1957	5,685,757
1958	5,269,896
1959	4,391,832

One of the prime reasons for this reduction in production has been the loss of sales of Nova Scotia coal to the Railways. For instance, the railway market provided an outlet for 1,189,931 tons of Nova Scotia coal in 1950. In the short space of ten years this market has been almost completely eliminated and in 1959 only 34,738 tons were sold to the railways. The following table will serve to indicate the continuing loss of this railway market:

YEAR	RAILWAY MARKET
1945	782,597
1946	891,125
1947	420,523
1948	875,760
1949	766,655
1950	1,189,931
1951	1,036,608
1952	786,632
1953	803,416
1954	558,914
1955	497,714
1956	410,330
1957	205,169
1958	95,184
1959	34,738

Quota?

The loss of this railway market has been especially difficult to the Independent Coal Operators (non Dosco) of the Province of Nova Scotia, because they depended on the railways to absorb their summer production when sales of domestic coal are at a minimum. A coal mine that is held idle for five or six months of the year is an uneconomic unit because of high maintenance costs and must be abandoned eventually and this has been the case of several coal mines because of the dieselization of the railways. Research is now underway into the electrification of the railway systems in both the United States and Canada, but this is a long range project which offers no immediately relief to the marketing problem that the Nova Scotia coal industry now faces.

The opening of the St. Lawrence Seaway also created new difficulties to the Nova Scotia coal mining industry. When this project was first undertaken, the United Mine Workers of America request some measure of protection for the coal industry of Nova Scotia against further imports of American coal and foreign oil that would be moved into the heart of coal markets that were formerly available to Nova Scotia coal. The opening of the Seaway has merely provided a cheaper means of transportation for American coal to move into the Central Canadian market, and for large foreign oil tankers to sail into the same area. No compensating legislation was enacted to provide for Maritime products to move into the Central Canadian markets because of the Seaway project, and indeed horizontal freight rate increases have tended to reduce

the possibility of marketing Maritime produce in that area.

THE MECHANIZATION PROGRAM

Soon after World War II it became apparent that if the Nova Scotia coal industry was to survive at all an extensive program of mechanization and modernization must be undertaken by the major coal operator in the province. This was a recommendation of the Carroll Royal Commission and was accepted by both management and labor in an effort to substantially reduce the cost per ton of coal mined in Nova Scotia.

The Government of Canada established the Dominion Coal Board to supervise assistance to the coal operators, and the major operator in Nova Scotia applied for and received the maximum loan that was permissable under the terms of the Act. Dosco received Seven and one-half Million Dollars and invested substantial sums of Corporation funds to mechanize and modernize their coal operations in this Province. It is the considered opinion of the United Mine Workers of America that much of this money was unwisely spent and very little benefit has accrued from its use.

In the first instance, the Corporation commenced to build their own continuous mining machine, commonly known as the "Dosco Continuous Miner". This has been nothing less than an experiment and while per-man-day production has increased from a low of 1.58 tons in 1945 to a high of 2.77

tons in 1959, we firmly believe that Continuous Mining machines should have been purchased from business firms that were producing continuous mining machines at the inception of the mechanization program. The present Dosco Continuous Miner bears very little resemblance to the original machine and is still being experimented with.

It was pointed out quite clearly at the time of the Carroll Commission that a better grade of coal would have to be produced in order to compete with American coal. In the intervening period imported oil and natural gas have made serious inroads into the entire coal market and yet the great bulk of Nova Scotia coal is not properly prepared for the market. Plans have been in effect to construct a modern coal washery to process coal mined in the Glace Bay-New Waterford area by the Dominion Coal Company, Limited, but at the time of the writing of this report only preliminary steps have been adopted to have this coal properly prepared for industrial and domestic consumption.

We think it most important to point out that much of the domestic market has been lost in the Maritime Provinces because of the reluctance of the Corporation to place a properly prepared product on the market. Every home owner is not going to quibble over a few cents difference in his fuel costs if he can depend on receiving satisfaction from his fuel dealer. Dosco has lost a market of over Half a Million tons in the Maritime Provinces' domestic market because they would

Wheat

not provide suitable coal to the consumers. We think it imperative that all coals produced in Nova Scotia must be properly prepared in order to compete with residual oils and that this must be done as quickly as possible in order that further coal markets in the Maritime Provinces will not be lost to the coal industry. We must make it quite clear that coal sold in the subvention market is governed by a profit ceiling with a maximum of 40 cents per ton. It is, therefore, reasonable to assume that coal sold in the Maritime area might bring as much as five times more profit than that sold in the subvention area.

The mine workers cannot be expected to attain a decent standard of wages and working conditions if we are compelled to bargain against economic forces over which we have no control, meaning of course the profit margin that is set by the Federal Government in the subvention area. The huge coal market that has been lost and is still being lost in the non-subvention area is of great concern to the Union, because it is the most lucrative market and if more progressive steps had been adopted by Dosco the mine workers would not be receiving the sub-standard wages and fringe benefits that now obtain throughout the coal industry today.

The Dominion Coal Company, Limited, have three operating collieries in the Town of Glace Bay, Nova Scotia, employing in excess of 4,000 men. When the mechanization program was undertaken it was decided to hoist all the coal

from the three mines through one tunnel. Huge sums of money were invested in the construction of this tunnel and it was driven approximately 1400 feet. The purpose of this undertaking was to hoist approximately 10,000 tons of coal per day, to reduce expensive transportation costs and thereby substantially reduce the cost of the coal produced. This project was suspended at a time when coal was fighting for its very life.

We point out these facts to you, Sir, to emphasize that the mechanization and modernization program has not been carried out as was originally planned. The gains in reduced coal costs depend on the complete finalization of the mechanization program. Each phase of the mechanization operation must be completed or it defeats the entire program. The coal mines are of a submarine nature and a half-measure of mechanization can only keep pace with the natural advance of the mine and eventually will diminish until the mine becomes an uneconomic unit. The failure of the Dominion Coal Company, Limited, to make provisions for a proper continuous miner, the failure to erect a coal washing plant in the Glace Bay-New Waterford area, the suspension of major parts of the mechanization program have all tended to place coal in a poor competitive position in relation to other fuels.

INDUSTRIAL RELATIONS IN THE COAL INDUSTRY

The Carroll Coal Commission of 1946 recommended that much emphasis must be placed on industrial relations in the coal industry of Nova Scotia. Dosco has established an

Industrial Relations Department, but its main function is devoted to a bowling league and to softball teams. Industrial relations are still almost non-existent in the coal industry. Indiscriminate suspensions and dismissals of men, and needless work stoppages are still occurring because of the lack of a proper, well-administered Industrial Relations Department by the Dominion Coal Company, Limited.

Relations at the very top level by management and labor are reasonable good, but this feeling of agreement does not extend through the lower levels of management. The Federal Government sent an expert on labor-management relations into the area to establish labor-management production committees. The attitude of the Dosco management at that time was that they would go along with the plan merely to satisfy the Federal Government. These Committees were established, but because of the lack of a good industrial relations Department these Committees have either died because of the non-cooperative attitude of management, or have deteriorated into mere grievance committees where matters that could and should be settled at a mine committee level were being debated by the Labor-Management Production Committees. The entire program has failed miserably because of the negative attitude of the Dominion Coal Company, Limited, towards improved relations between management and labor.

THE SOCIAL ASPECTS OF MINE CLOSURES

The coal industry is located in the Towns of Glace Bay, New Waterford, Sydney Mines, Bras d'Or, Broughton, Inverness and Thorburn, Nova Scotia. Since 1945, forty-four (44) mine closures have occurred in this Province and each one has meant hardship and deprivation for those mine workers who lost their source of livelihood. They and their families have been forced to subsist on Unemployment Insurance benefits or seek work in other parts of Canada or the United States.

The United Mine Workers of America have had to contend with these mine closures by providing food and clothing for the stricken families. We have been aided in this task by church groups and other organizations, but it is high time that we cease to maintain unemployed mine workers. Some government agency must look after these displaced workers and we firmly believe that if there is any further displacement of mine workers, either the Provincial or Federal Governments or both must be held responsible to provide alternate employment immediately for displaced workers.

Mine closures also affect those municipal governments that are directly involved. Every type of service that is rendered to the citizens of each community involved must be curtailed to some extent. It is impossible for unemployed mine workers to pay their municipal taxes, with the result that educational, sewage, street and all other municipal services must be held to a minimum because town or municipal

Bonds cannot be sold or the interest rate is so high as to make their sale prohibitive. This can only result in a lower standard of living for each individual in every mining town where a mine closure occurs or is contemplated to occur.

We must make it quite clear to you, Sir, that the policy of the United Mine Workers in Nova Scotia has been to maintain as high a level of employment at the best wages obtainable. The only result that can accrue from a policy of this sort is that wages and fringe benefits must be compromised in order to maintain as high a level of employment in the coal industry as is possible. We have followed this policy and have pursued every agency possible in order to provide mine workers with steady employment.

We admit there is an economic problem concerning the entire coal industry, but it is far outweighed by the social upheaval that would result if any further mine workers are to become unemployed. This Union and both Federal and Provincial Governments have been informed by the President of Dosco that the contemplated lay-off in the Dosco operation would involve approximately 3,000 men. The membership of our Union has decreased from a high of 13,347 in 1946, to approximately 8,000 at the time of the writing of this report. These contemplated mine closures would involve approximately 14,000 Nova Scotians who wish to remain in their native towns and communities, and who are presently prepared to take any action necessary in order to maintain their homes and the communities in which they live.

The mine workers of this Province are dismayed at being slowly and surely cut off from their source of livelihood. We are an integral part of the national body and we richly deserve every consideration that can be authorized by the Federal Government. We have no complaint that the St. Lawrence Seaway was built, with the construction of the Saskatchewan River Dam project, or the Trans Canada Natural Gas Pipeline, but we expect that a similar measure of assistance be granted to industry in the Maritime Provinces, especially to the coal and steel industries which form the basis of the economic life of this Province.

THE PENSION ARRANGEMENT

The present pension arrangement between the major coal operator in the Province and the United Mine Workers of America is totally inadequate to provide sufficient coverage and security for the mine workers of this Province. There is absolutely no guarantee that the present pension plan would not be immediately dispensed with if financial conditions of the Corporation warranted it doing so. It is not a matter of contract. At the present time there are approximately 1800 men on pension at an average amount of $56.40 per month. The Nova Scotia Government and District 26, United Mine Workers of America, are willing to negotiate a three-way contributory pension plan, but the Corporation is reluctant to participate in such a scheme.

COAL MARKETS

The Canadian coal market has steadily decreased, especially in the past ten years. The production of coal in the western provinces has decreased because of the discovery of huge oil and natural gas resources in those provinces.

District 26, United Mine Workers of America, wish to make it quite clear to you Sir that we are not opposed to competition from other types of fuel that are produced in Canada and where the workers are paid average Canadian wages. The Maritime coal industry, however, is plagued by the importation of foreign oils which are largely produced by workers who are underpaid, underfed and overworked. This situation is aggravated by an arrangement whereby oil is allowed to be transported at agreed freight rates, while the coal industry suffers from each horizontal freight rate increase.

There has been no such native discovery of any other competitive fuels in the eastern part of Canada. Our chief competitor in the Atlantic Provinces has been the importation of foreign oils and lately natural gas is posing a severe threat to coal markets in the Province of Quebec. We suspect that this natural gas is being "dumped" into Quebec, but foreign oil - which is tax free - is destroying the coal market in the Atlantic Provinces. For instance, in 1958 One Hundred and Four Million (104,000,000) barrels of crude petroleum were imported into Canada and of this amount 101,000,000 barrels were consumed in Quebec and the Maritimes, with a total value

of $265,007,689.00. The import of Fuel Oil in 1958 was 4,411,481 barrels, with a total value of $16,856,871.00. Light Fuel Oil, numbers 2 and 3, totalled 7,053,982 barrels, with a total value of $25,331,236.00. Heavy Fuel Oils, numbers 4, 5 and 6, totalled 7,486,956 barrels, with a total value of $16,545,012.00.

Much of this Atlantic market has been lost and is still declining due to a lackadaisical sales policy of the coal operators, the lack of service offered consumers, and the extraordinary price spread that exists between the producer and the consumer. This Union is not fully aware of coal costs at different points in the Maritimes, but we do know that coal dealers are making an exorbitant profit and that the mine workers of Nova Scotia are being denied of a higher standard of living because those markets that are available to coal are being lost each day because people in the Atlantic Provinces rightfully resent the price of coal, the quality of coal, and the service rendered by the coal companies involved.

The people of Newfoundland consumed ~~28,746~~ 155000 tons of our coal in 1959 by the way of small schooners and we are of the opinion that a similar market exists all along the Eastern seaboard of Canada and extending into the State of Maine, U.S.A., but that large coal carriers would have to be used to exploit such a market.

Coal markets in the Atlantic Provinces have declined because of the reticence of the Provincial Government

Alternative

to impose a tax against imported oil. Each ton of coal mined in this Province is taxed 12½ cents per ton and it is our firm belief that some sort of a tax should be placed against imported oil in order to at least maintain or expand our competitive position in these Atlantic Provinces. The Union has been most persistent in an effort to have a tax imposed against foreign oil by the Provincial Government. It has been indicated by the Nova Scotia administration that no such tax against imported oil is contemplated in the near future.

The United Mine Workers are of the opinion that the Provincial Government should agree in principle with this Union request and meet with representatives of labor and management to work out a formula as to the manner by which such a tax should be imposed. We think that any attempt to tax oil should be initiated by the Government of Nova Scotia, and then it would probably be adopted by the other Provincial Governments of the Atlantic Provinces. In addition, we deem it necessary that a federal tariff should be placed against imported oil to protect the Canadian coal industry. There is very little need for interested organizations to adopt a policy of attempting to bring new industries into Nova Scotia if we are going to lose what we now possess. More emphasis should be exerted to preserving our present industry and then attempt to add additional employment opportunities in the Maritime Provinces.

We wish to place particular stress on the tax-free

importation of foreign oil because that is the main reason why approximately 5,000 men have been displaced in the coal industry of Nova Scotia in the past ten years, and why we are constantly under the threat of further mine closures. A worker who is operating under conditions of this kind undergoes a psychological disadvantage which naturally has a negative affect on his productive capacity. Some assurance of a long range nature of steady employment must be given the mine workers of Nova Scotia in order to reduce the extensive labor turnover in the industry thereby reducing cost and providing the coal industry with a permanent and efficient labor force.

It might be interesting to you, Sir, if we were to quote statistics indicating the vast change in the ratio between salaried employees of the Coal Companies and the rank and file workers over a period of some 19 years. Back in 1940 the salaried employees totalled 499 at a time when the wage-earners totalled 12,949; while in 1958 the number of salaried employees rose to 764 in a year when the wage earners had decreased to 8,148.

The Chairman of the Dominion Coal Board has informed the Union, Coal Companies and Government that a very large potential market for coal will develop for the generation of electrical power in the Province of Ontario and that this development will begin this year and demands for coal will increase each succeeding year. We in the Nova Scotia coal industry hope to capture a large part of this

market, even though it will be in the subvention area, in order to maintain and possibly expand the Nova Scotia coal industry.

During the past few months a concerted attempt has been made by two operators to begin strip-mining operations in the Cape Breton coal field. This type of operation would undoubtedly destroy several coal seams in the area, because the seams pitch so sharply toward the sea that future underground operations would be eliminated forever. It would strictly be a fly-by-night operation and would cause further unemployment in this District. Furthermore, the Union has been advised by Dosco that if one strip coal Permit is granted that they also would begin stripping coal. This could very well precipitate a price war in the coal industry of this Province that would destroy the entire industry in a very short time. The Union has been informed that the Government of Nova Scotia has no legal right to prevent the issuance of a coal stripping Permit unless a special Order-in-Council is passed and proclaimed to prevent it.

Different experts in both Canada and the United States have expressed the opinion that coal will be a very necessary commodity in a few short years, and we are determined to protect our coal reserves for the future. The Nova Scotia coal industry must be fully protected while this potential market is pending, and we fully trust that you will give this matter your utmost consideration.

RECOMMENDATIONS:

1. We recognize the fact that the price of producing Nova Scotia coal is too high. We propose that one of your prime recommendations will be that the major coal operator in this Province give immediate consideration to the opening or openings of new mines in Nova Scotia.

2. That Dosco be urged to complete their original mechanization and modernization program as quickly as possible in order to reduce production costs and prevent the loss of any further coal markets to other types of fuels.

3. That the Provincial Government be urged to reconsider its present policy of not taxing foreign oils that are entering this Province and are slowly but surely destroying the coal industry. We sincerely believe that if our coal industry is placed on a permanent competitive basis that it is far more valuable to the Province than relying on a product the source of which could be cut off immediately.

4. That the Federal Government of Canada give immediate consideration to imposing a tariff against all foreign oils entering this country. It is quite evident that these foreign oils are destroying the coal economy, both in Canada and the United States of America.

5. It has been indicated that the Provincial Government of Nova Scotia is prepared to rebate 20% of the coal royalties toward a three-way pension plan, but this

Official

cannot become effective unless the Corporation agrees to participate in such a plan and they have failed to agree since 1938. We, therefore, propose that you recommend that the Corporation will enter into such an agreement and thus remove much of the insecurity that now exists in the minds of the mine workers of Nova Scotia.

6. That the preferential treatment granted to the transportation of oil by the railways will be abolished. Oil dealers are allowed to ship at "agreed"rates while coal suffers from every increase in freight rates.

7. That the Coal Companies be urged to erect coal washing plants and to adopt a more agressive sales policy, in order to combat the threat from foreign oil.

8. That the Union be made aware of the price of coal which the Coal Companies and their subsidiaries are consuming themselves.

9. That a complete investigation would be instigated into possible featherbedding within the coal industry of Nova Scotia.

10. That a proper and efficient Industrial Relations Department be established by the major coal operator in the Province of Nova Scotia.

11. That every Coal Company within the Province would make available all the facts pertaining to Company costs, etc.,

to the Union in order that we can properly negotiate our future demands.

12. That a complete investigation be conducted into the methods of mining in the Province by a competent and independent Mining Engineer.

13. That some research work should be done to indicate the possibility of erecting a briquetting plant in the Province of Nova Scotia.

14. That both Federal and Provincial Governments should be urged to burn coal in all government buildings and installations.

15. That the subvention area be broadened to include the Atlantic Provinces, and that an investigation be made into the most effective means by which available government assistance can be used.

16. That the powers of the Dominion Coal Board would be broadened to include the marketing of surplus Canadian coal.

It has been both a privilege and a pleasure to present our views to you on the coal industry, and we trust our suggestions will receive your utmost consideration.

In conclusion we wish to thank the Commissioner for this opportunity of expressing the opinions of District 26, United Mine Workers of America.

Respectfully submitted on behalf of
DISTRICT NO. 26, U. M. W. OF A.

William H. Marsh
.....
PRESIDENT

Stephen McHarry
.....
VICE-PRESIDENT

Michael Higgins
.....
SECRETARY-TREASURER

SUPPLEMENT

to

BRIEF OF DISTRICT 26, UNITED MINE WORKERS OF AMERICA

from

UNITED MINE WORKERS' INTERNATIONAL OFFICE

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The chaos existing in Canadian coal can be classed as nothing less than a national emergency. The economic degeneration evident in the coal fields in both the eastern and western provinces is so appalling that it poses a grave threat, not only to those areas directly involved, but also to the national welfare of the Dominion.

During the past ten years coal production has decreased sharply in all producing provinces. This plummeting output in the face of a general increase in total energy consumption points up the serious competitive relationship under which the industry must operate.

A brief analysis of the major problems confronting Canadian coal might assist the Commission to understand some of the proposals we shall put forth later.

Initially the coal mines of the Dominion are located far from the centers of consumption. In both the eastern and western provinces transportation charges are an effective competitive barrier as far as coal sales are concerned. The population density of the Dominion is centered in the provinces of Ontario and Quebec, which contain over 50% of the total population and the vast bulk of industry and commerce. Since coal must be

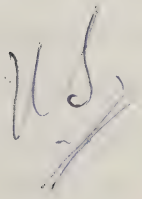
carried over one thousand miles in the east and over two thousand miles in the west, it obviously has trouble entering the only large scale market available to it.

The efficiency of production of Canadian mines is so low that it raises the price of the product out of competitive range. The principle cause of this is in the nature of the coal seams and their lack of suitability to the introduction of labor saving devices. Because of this the f.o.b. mine price has been kept too high in relation to the other fuels.

The third adverse factor has been a superabundance of competing fuels. Often these fuels are in a much better position to fill Canadian energy needs than coal. These three are natural gas from western Canada, bituminous coal from the United States, and foreign oil, principally from Venezuela. During the past ten years these three sources, most notably oil and natural gas, have expanded rapidly. Viewing the long term trend, petroleum and natural gas will continue to expand and consolidate their hold as the dominent energy sources of Canada.

In summary, the coal industry faces five seemingly insurmountable obstacles:

1. Its location in areas far removed from the principal centres of population and manufacture.
2. Its unsuitability for the introduction of labor saving machinery which would enable it to lower the cost of production and thus be in a more competitive position in the energy market.
3. The abundance of other fuels, especially petroleum and natural gas, under circumstances which place them in an extremely advantageous position.



4. The rapid conversion of the Canadian railroads from coal-firing to diesel locomotives, thus eliminating one of the principal markets for Canadian coal.

5. The attitude on the part of domestic consumers that coal is an old fashioned, dirty fuel, unsuitable for use and their resultant conversion to other fuels.

The social and economic consequences of this slow collapse must be measured in terms of human considerations and economic effect.

Briefs submitted separately by Districts 18 and 26 of the United Mine Workers of America outline in a more specific way the loss of jobs brought about by the decrease in coal production in their own Districts. What we want to reemphasize here is the necessity of alleviating the human problems caused by unemployment.

Unemployment is one economic ill which demands solution. No other economic ill affects individuals within an area more than mass joblessness of their region. The economic stagnation apparent in the coal fields of Canada represent a cancer on the future economic prosperity of the Dominion. The spectre of unemployment is repulsive to a country which aspires to ascent the heights. We cannot afford it. We cannot allow it. Distressed families and terrible living conditions are the forerunners of social decay and moral degeneration. Nations do not grow on such material.

Thus, we feel it necessary to consider the problem of unemployment which is a direct result of coal's decline. But it is a situation which cannot be evaluated on its economic merits. The question is one in which people are the pawns and human suffering on a vast scale the price of a wrong move.

Several months ago International Board Member Delaney of District 26, UMWA, toured our Districts in the United States to observe the conditions there. Although the causes are different in many cases, the result of unemployment is the same. Entire states have felt the constant economic pressure when thousands of citizens lose the only jobs many of them know -- coal mining. Tax revenues decline, schools, churches and other institutions fall into disrepair. This headlong flight into oblivion is self-generating. The more people unemployed, the greater the need, but with a constantly diminishing source of revenue. What is needed here is a whole new approach, a fresh look, as it were, to an age-old problem.

Economically we have witnessed an entire industry rush head-long toward dissolution. Despite this experience, experts, both north and south of the border, are busily outdoing each other predicting a millennium for coal.

The apparent contradiction between our present pallid industry and the envisioned robust giant of the future illustrates the economic tragedy which is occuring in Canadian coal. The industry is in no position to meet future obligations. Vanishing markets and declining production are signs of decay and obsolescence, not health and future potential.

The question we must ask ourselves is whether or not Canada can allow her coal industry to so deteriorate. Probably those who do not heed the experience of other nations or lack the vision necessary for national growth would allow such a valuable natural resource to be thus wasted. Fortunately, however, the more farsighted will realize that coal has been the

No oil

 up to this time

basic energy source of every major industrial power. This was true in England, on the Continent and in the United States. Even the Soviet Union and Communist China are feverishly exploiting to the maximum coal resources in their countires.

Our experience in two world wars is a good indication of the indispensibility of coal. In both instances every major power was forced to rely on coal for their basic energy needs. In fact, the Germans developed many ingenious synthetic products from coal which materially aided their war effort.

Our contention is simply this: Nature has endowed the Dominion of Canada with many valuable resources. One of the most important of these is coal. Utilization to the fullest extent of this valuable resource will be of great benefit to all of Canada. If the coal industry is to fulfill the responsibilities expected of it in the years ahead, steps must be taken today to make coal mining areas bustling centers of prosperity, rather than dark areas of unemployment.

Quite obviously, the problems confronting the coal industry in Canada are of staggering dimensions. Solutions, if there are any, will probably be complex and involved. We recognize that political, as well as economic, factors must beweighed carefully by this Commission in reaching any definite conclusion or proposing any program.

The situation as we see it may be viewed from two aspects: The short term and the long range solution. Both areas are critical. Obviously any program must not sacrifice the long term interest of the Dominion in favor of short range panaceas. But we must constantly remember that the short term problem is made up

of Canadian citizens in desperate need of assistance.

The basic need for coal in the short run is to stabilize markets and production and to render assistance to coal miners unemployed or working short time. Many of the remedies proposed do provide for such short term assistance. However, as previously stated, long and short range plans must not act contrary to one another.

We would seriously consider a policy whereby the buildings and other installations of the Federal and Provincial Governments would consume coal for heating and other applicable purposes. Tonnages consumed in this way would provide one secure outlet for Canadian coal which could be used as a marketing base. The first step in initiating the use of coal in Provincial and Federal government buildings would be a study to ascertain the tonnage involved and the benefit the Canadian coal industry could derive by a market of this kind. Our National Headquarters in Washington, D. C. has found that in the United States coal has been discriminated against by various government agencies in favor of competing fuels. We should think, in light of all the facts presented to this Commission, that our government would seek to aid coal in every way possible.

Unemployed coal miners are not a Canadian rarity. Thousands of men all over the world have been thrown out of work because of the decline in coal production. In the United States it is estimated by our organization that over 110,000 men are thus unemployed. A special committee of the U. S. Senate has been designated to study this one problem. In testifying before that committee, Mr. Michael F. Widman, Jr., Assistant to the President

Will anyone adopt
This?

and Director of the Research and Marketing Department of the United Mine Workers of America, outlined the need for a constructive program to aid the unemployment when he said:

> "We are going to ask that the Government of the United States help the citizens of our great republic who live in distressed areas. These men and women do not seek charity. They demand the right to provide for their families by useful labor. We do not feel that it is too much to ask our own government..... to help these people help themselves."

In order to alleviate the immediate effects of unemployment, the unemployment insurance should be paid for the duration of the unemployed period. The unemployment system provides the necessities of life to those unfortunate men unable to find work. It cannot with propriety or in logic or in common sense be classified as a dole. The United Mine Workers of America maintains that there cannot be dire poverty in Canada, when the vast majority of our citizens are enjoying the highest standard of life in history. Poverty in the midst of plenty is an intolerable incongruity, the existence of which we cannot afford.

Complementing the payment of unemployment insurance, we feel that a vast program of worker rehabilitation should be undertaken. In this way men who find their skills inadequate in a fact changing industrial world will be in a more advantageous position in securing job opportunities. In addition, the Canadian miner will be able to adjust to new conditions and job opportunities, maintain his pride and self-respect and, most important, make a contribution to the general welfare of the nation.

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An investment in our human resources is the most important expenditure any government can make. The Canadian coal miner has a long record of service to his community and his country. All he asks is an opportunity to continue this service.

While we understand the complexities attending upon foreign commerce, the present plight of the domestic coal industry requires that a concrete examination be undertaken of the economic and trade aspects of extending the Canadian market to the Canadian coal industry. Such an investigation should scrutinize closely the increasing dependence by industry upon foreign energy sources, especially those requiring ocean transport. The lessons of World War II were purchased at an extremely high price. We believe that in the interest of our national defense our government should weigh carefully the availability of our energy sources under any and all circumstances.

The problems of the coal industry of the world are strikingly similar. Old patterns of consumption are vanishing. If the industry here or elsewhere is to survive, it must undertake continuing, vigorous and coordinated research supported by ample funds from the government.

The importance of research in the long range surmounts all other considerations. In fact, without research any and all stop-gap measures cannot succeed. Research is the principle means of salvation for the Canadian coal industry.

Research for coal would serve two valuable purposes:

1. By discovering new methods of utilization, additional markets will arise to take the place of present markets which are constantly being eroded by competing fuels.

2. Widespread chemical uses of coal could well result in huge industrial complexes springing up in coal fields which would not only end the coal unemployment problem, but would provide employment for many others in allied industry.

The potential for research is almost limitless. We would like to cite a few illustrations to indicate the general scope of potential projects with staggering dimensions.

The Virginia Polytechnic Institute in Blacksburg, Virginia, U.S.A., recently published a report on a diesel engine using pulverized bituminous coal as fuel. The report is the result of a test conducted by V.P.I. on an invention by a Mr. R. E. Harvey of Roanoke, Virginia. The idea behind the invention is hardly new. The original diesel engine was fired by coal. An associate of Dr. Diesel actually ran a coal-fired diesel for many years. Unfortunately, the data on his work was lost to the Russians since the town where it was located is now behind the Iron Curtain.

But consider for a moment the results which a coal-fired diesel engine would have for Canadian coal. A market now almost totally lost would be regained. Railroad use would inject new life into the dormant coal fields. The fact that a coal-fired diesel engine has been tested should be a spur to our own research efforts.

Recently the Curtiss-Wright Corporation in the United States announced a road paving material using bituminous coal. This material would be substituted for oil-based asphalt. The principle of the new process is simple. Raw coal is dissolved

in coal tar which is made in one of two ways, either in the coke making process, or by low temperature carbonization. Strips of road using the coal binder have already been laid and are being tested in the Commonwealth of Kentucky. Other states, including Colorado, Pennsylvania, West Virginia, and New Mexico have shown a keen interest in the process. Curtiss-Wright Corporation and the Peabody Coal Company have formed a joint corporation to manufacture and sell the road binder. The magnitude of the market may be measured when we consider that over two thousand tons of raw coal will be used to lay one mile of road. This figure includes the coal used in the tar making process. Early reports from Kentucky indicate favorable results. Driveways and airport runways are other outlets for the material, since it does not dissolve in the presence of petroleum products. It is just another example of what research can do.

The Reading Anthracite Company located in the anthracite coal fields of Pennsylvania is planning to build a chemical plant to extract raw chemicals from anthracite silt. If successful, an entire new industry will be born. Additionally, more coal will be required after the silt is exhausted. But most importantly, a chronically depressed area will receive a most welcome economic boost.

These few examples indicate the potential existing in research. The future of the coal industry lies in a wider area of use, the means to, and the knowledge of which are, until now, a factor of relative insignificance. Consequently, a greater and coordinated program of research into the possible uses of coal should be undertaken by the Federal Government with the

continuing and vigorous cooperation of the governments of five provinces where coal is produced. Research should be stepped up and some of the monies asked for in the form of subsidies should be plowed into research. Such monies should be an annual budgetary allocation on a continuing basis. In short, the individual efforts now being undertaken by separate provinces and universities should be pulled together into a national concerted program of well planned research.

One final long range solution to coal's problems is worthy of consideration. As the industrial economy of Canada grows, her need for power is certain to expand apace. Obviously, the water power now widely used will prove inadequate. Since a new power source will have to be found, we would suggest that consideration be given to the expanded use of coal as a principal or supplemental energy source. In the United States, for example, coal supplies 55% of all electricity generated. Even the Tennessee Valley Authority, which was originally all hydro, has become the largest single consumer of bituminous coal in the world. Government aid in this area would serve a two-fold purpose:

1. It would be of considerable benefit to the coal industry and would provide vast new markets for it.
2. It would assure Canada of adequate energy to power the industrial development now and in the future.

The problems of coal are not impossible to solve. The efforts of all interested groups joined together in the common cause will go a long way to reviving the industry. The United Mine Workers of America pledges its unstinting efforts in this cause.

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One final long range solution to coal's problems is worthy of consideration. In the industrial economy of Canada today, far and far power is derived to energy sources. Obviously, the water power are already used with heavy industries. Since a new power source will have to be found, we would suggest that consideration be given to the economical use of coal as a petrochemical or hydrocarbon energy source. In the United States, for example, coal supplies 75% of all electricity generated. Even the Tennessee Valley Authority, which was originally all hydro, has become the largest single consumer of bituminous coal in the world. Government did in this area would serve a two-fold purpose:

1. It would be of considerable benefit to the coal industry and would provide work for many people.

2. It would secure Canada's of resources needed to cover the industrial development for us in the future.

The problems of coal are not insurmountable to solve. The efforts of all interested groups, federal agencies in the energy sphere will go a long way to revitalize the industry. The United Nations Report of March, 1960 emphasizes the contribution of this fuel.